

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4946-01  
Bill No.: HB 1475  
Subject: Taxation and Revenue - Sales and Use; Motor Fuel  
Type: Original  
Date: February 17, 2014

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Bill Summary: This proposal would authorize an exemption from the motor fuel tax for motor fuel used in water craft in this state.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>
General Revenue	(Less than \$100,000)	(Less than \$100,000)	(Less than \$100,000)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>(Less than \$100,000)</b>	<b>(Less than \$100,000)</b>	<b>(Less than \$100,000)</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 8 pages.

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>
Conservation Commission	(Less than \$100,000)	(Less than \$100,000)	(Less than \$100,000)
Parks, and Soil and Water	(Less than \$100,000)	(Less than \$100,000)	(Less than \$100,000)
School District Trust	(Less than \$100,000)	(Less than \$100,000)	(Less than \$100,000)
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>(Less than \$100,000)</b>	<b>(Less than \$100,000)</b>	<b>(Less than \$100,000)</b>

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Local Government	(Less than \$516,667)	(Less than \$600,000)	(Less than \$600,000)

### FISCAL ANALYSIS

#### ASSUMPTION

#### Sections 142.815 and 144.030 RSMo - Motor Fuel and Sales Tax Exemptions

Officials from the **Office of Administration - Division of Budget and Planning (BAP)** did not respond to our request for information; however, in response to HB 277 LR 0948-01 (2013) BAP officials assumed the proposal would not result in additional costs or savings to their organization.

BAP officials also noted the proposal would exempt motor fuel used in watercraft from the motor fuel excise tax, and the exemption could reduce motor fuel revenues to the extent consumers are not already claiming refunds for such tax from the DOR.

Officials from the **Department of Revenue (DOR)** did not respond to our request for information; however, in response to HB 277 LR 0948-01 (2013) DOR officials assumed the proposal would not result in any fiscal impact to their organization.

DOR officials noted that Section 142.815, RSMo, would exempt motor fuel delivered to any marina within this state that sells such fuel solely for use in a watercraft, and is not accessible to other motor vehicles, from the fuel tax.

ASSUMPTION (continued)

DOR officials noted that any motor fuel distributor that delivered motor fuel to any marina in this state for use solely in watercraft could claim the exemption, and any motor fuel customer who purchased motor fuel for use in a watercraft at a location other than a marina could claim the exemption by filing a claim for refund of the fuel tax.

DOR officials also noted that Section 144.030, RSMo, would create a sales tax exemption for sales of motor fuel used in a watercraft.

DOR officials stated they currently distribute slightly more than \$500,000 per year to counties for unclaimed gallonage, and that current refunds of motor fuel tax subject to sales tax are less than \$10,000 per year.

Officials from the **Department of Agriculture** and the **Missouri Highway Patrol** assume there would be no fiscal impact to their respective organizations from this proposal.

**Oversight** notes that under current provisions, the Department of Revenue refunds motor fuel tax paid on fuel for watercraft but collects sales tax on that fuel. When fuel is sold to a marina and the motor fuel tax is not refunded, that unclaimed motor fuel tax is distributed to counties. The proposal would make all of that fuel exempt from motor fuel tax and sales tax.

For fiscal note purposes, Oversight will indicate a sales tax revenue reduction of less than \$100,000 for the General Revenue Fund, for other state funds which receive general sales tax revenues, and for local governments. Oversight will also indicate a motor fuel tax revenue reduction of \$500,000 per year for counties, and \$416,667 for ten months in FY 2015.

**Oversight** assumes the State Road Fund would have no impact since the proposal changes the disposition of motor fuel tax that is not currently used for road purposes.

<u>FISCAL IMPACT - State Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
<b>GENERAL REVENUE FUND</b>			
<u>Revenue reduction - DOR</u>			
Motor Fuel and Sales Tax Exemptions Sections 142.815 and 144.030	(Less than <u>\$100,000</u> )	(Less than <u>\$100,000</u> )	(Less than <u>\$100,000</u> )
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>	<b>(Less than <u>\$100,000</u>)</b>	<b>(Less than <u>\$100,000</u>)</b>	<b>(Less than <u>\$100,000</u>)</b>
<b>CONSERVATION COMMISSION FUND</b>			
<u>Revenue reduction - DOR</u>			
Motor Fuel and Sales Tax Exemptions Sections 142.815 and 144.030	(Less than <u>\$100,000</u> )	(Less than <u>\$100,000</u> )	(Less than <u>\$100,000</u> )
<b>ESTIMATED NET EFFECT ON CONSERVATION COMMISSION FUND</b>	<b>(Less than <u>\$100,000</u>)</b>	<b>(Less than <u>\$100,000</u>)</b>	<b>(Less than <u>\$100,000</u>)</b>
<b>PARKS, AND SOIL AND WATER FUND</b>			
<u>Revenue reduction - DOR</u>			
Motor Fuel and Sales Tax Exemptions Sections 142.815 and 144.030	(Less than <u>\$100,000</u> )	(Less than <u>\$100,000</u> )	(Less than <u>\$100,000</u> )
<b>ESTIMATED NET EFFECT ON PARKS, AND SOIL AND WATER FUND</b>	<b>(Less than <u>\$100,000</u>)</b>	<b>(Less than <u>\$100,000</u>)</b>	<b>(Less than <u>\$100,000</u>)</b>

FISCAL IMPACT - State Government  
 (Continued)

FY 2015  
 (10 Mo.)

FY 2016

FY 2017

**SCHOOL DISTRICT TRUST FUND**

Revenue reduction - DOR

Motor Fuel and Sales Tax Exemptions  
 Sections 142.815 and 144.030

(Less than  
\$100,000)

(Less than  
\$100,000)

(Less than  
\$100,000)

**ESTIMATED NET EFFECT ON  
 SCHOOL DISTRICT TRUST FUND**

**(Less than  
\$100,000)**

**(Less than  
\$100,000)**

**(Less than  
\$100,000)**

FISCAL IMPACT - Local Government

FY 2015  
 (10 Mo.)

FY 2016

FY 2017

**LOCAL GOVERNMENTS**

Revenue reduction - DOR

Unclaimed Gallonage Distribution  
 Section 142.815 RSMO -

(\$416,667)

(\$500,000)

(\$500,000)

Revenue reduction - Sales tax

Motor Fuel and Sales Tax Exemptions  
 Sections 142.815 and 144.030

(Less than  
\$100,000)

(Less than  
\$100,000)

(Less than  
\$100,000)

**ESTIMATED NET EFFECT ON  
 LOCAL GOVERNMENTS**

**(Less than  
\$516,667)**

**(Less than  
\$600,000)**

**(Less than  
\$600,000)**

### FISCAL IMPACT - Small Business

This proposal could have a direct fiscal impact to small businesses which operate watercraft, or operate a marina and sell motor fuel for use in watercraft.

### FISCAL DESCRIPTION

This proposal would authorize a motor fuel tax exemption for motor fuel used exclusively for watercraft in this state. Currently, a taxpayer must pay the tax with the purchase of the fuel and then request a refund of the motor fuel tax from the Department of Revenue within one year of purchase. Any person who purchases motor fuel for use in a watercraft at a location other than a Missouri marina may claim the exemption by submitting a refund claim for the fuel tax paid to the Department of Revenue.

The proposal would also eliminate the current provision which makes sales of motor fuel which is not subject to motor fuel tax, subject to state sales tax.

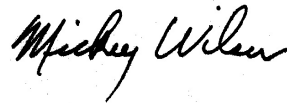
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Agriculture  
Missouri Highway Patrol

**Not responding:**

Office of Administration  
Division of Budget and Planning  
Department of Revenue



Mickey Wilson, CPA  
Director  
February 17, 2014

Ross Strobe  
Assistant Director  
February 17, 2014